



Consultancy to Undertake a Study on Unleashing the potential of the private sector to drive green growth and job creation in Kenya

TERMS OF REFERENCE¹

1. Background, justification

There is necessity for African countries to pursue green growth² pathways and to increase opportunities for employment, and a great potential for the private sector to be a major driver in this course. The need for the shift to green growth pathways and to increase employment opportunities is underlined by trends witnessed in the region. Notable of these trends are that growth in Africa has been associated with a growing degradation and depletion of the continent's natural capital as well as waste generation; and creation of few jobs.

The degradation of natural capital is witnessed across a wide range of ecosystems. For instance, widespread unsustainable methods of fishing have led to declining fish production and stocks. Forty-five per cent of freshwater fish and 58 per cent of freshwater plant species are over-harvested, and 21 per cent of all freshwater species are threatened in Africa. On terrestrial resources, Africa experienced the biggest forest area loss from 1990 to 2015 compared to the rest of the world. Moreover, being one of the most vulnerable regions, Africa bears a disproportionate burden of climate change impacts which are constraining growth and posing serious challenges to all facets of development in the region. A growing body of literature shows that countries are set to experience reduction in growth because of climate change. According to the United Nations Office for Disaster Risk Reduction, there has been a dramatic rise of 151 per cent in direct economic losses from climate-related disasters during the past 20 years. In their 2018 report, they stated that disaster-hit countries reported direct economic losses totalling approximately \$3 billion between 1998 and 2017.

Growth witnessed in the region has not created enough jobs, yet estimates are that in Sub-Saharan Africa alone, 18 million jobs each year will need to be created until 2035, just to accommodate youth entering the labour market. As a result, there is a high unemployment rate of young people of 12.4 per cent.

In the face of the growing degradation of natural resources assets, climate change and low rates of job creation, scaling up and accelerating efforts towards resource efficiency, minimization of waste generation and resource degradation, and low carbon and sustainable consumption and production patterns while creating decent jobs is an imperative for countries in the region. Pursuit of green growth pathways is recognized as an important and essential response to this imperative, given the right policies and adequate investment. Studies show that the private sector³ including both large and Small and Medium-sized Enterprises(SMEs) is a key actor and has a crucial role to play in the path to green growth and job creation. The private sector has the potential to drive green growth and increase employment opportunities due to a range of reasons. The private sector in the region is growing and is responsible for large economic output as well as jobs. For example, in low-income countries such as those that dominate Africa, SMEs account for 78 per cent of all employment. They contribute to both employment

¹ These terms of reference should be read to with the Concept note for the study.

² For the purposes of this study, green growth refers to economic growth that entails increased and efficient production and competitiveness while at the same time ensuring climate resilience and maintenance/ increase in the quality, quantity and productivity of natural assets.

³ For this study, private sector refers to organisations or firms that engage in profit-seeking activities and have a majority private ownership (i.e. not owned or operated by the government). It includes financial institutions and intermediaries, multinational companies, small, and medium-sized enterprises, cooperatives, individual entrepreneurs, and farmers which operate in the formal and informal sectors. This definition excludes actors with a non-profit focus, such as private foundations. This is adapted from Morgado and Lasfargues (2017).

level and employment growth. Moreover, the private sector is both an investor and a source of finance and drive innovation and technology transfer. In addition, the large environment footprint associated with private sector particularly in contexts with weak safeguard systems and environmental governance, is an indication of the vast scope for private sector driven green growth given the right policies and incentive schemes.

This study is therefore designed to respond to the key question of what is required to unlock the potential of the private sector to drive green growth and job creation in Africa. The study is intended to provide evidence on green business⁴ and identify measures, incentives and conditions that need to be strengthened to spur green investment to generate green growth while creating jobs.

The study will build on other work in the area and contribute to addressing gaps in information on green business and its enablers including policies and regulation, financing, incentives, capacity development needs to scale up private business that can drive green growth and create jobs, in the context of African countries.

This study will be part of a broader initiative on 6 selected countries in the region, these are: Cameroon, Cote d'Ivoire, Kenya, Rwanda, South Africa and Zambia. Additionally, a regional consultant will produce a regional synthesis report drawing on the 6 country case studies and additional information from questionnaire surveys and desk research.

1.1 Purpose and objectives of the study

The study is intended to generate and provide an evidence and knowledge base to inform and orient private sector decision making and investments and influence the design, and implementation of public policies, programmes and other interventions to upscale private green investments that can generate green growth while creating decent employment.

The overall objective of the study is to strengthen measures and conditions to expand private sector investment that will increase green growth while creating jobs.

The specific objectives of the study are to:

- (i) Strengthen national strategies to expand private sector investment that will increase green growth while creating jobs.
- (ii) Increase knowledge and appreciation of the benefits and opportunities for private sector to invest in green business and increased ability of the private sector to seize business opportunities offered by green growth pathways in selected sectors.
- (iii) Strengthen knowledge, skills and overall capacity of the private sector to identify design and expand investment in green business thereby contributing to green growth and job creation.
- (iv) Strengthen knowledge and capacity of the policy makers to design and implement policies and incentives for private green business to drive growth and employment. In this regard the study will contribute to strengthening the capacity of member States to develop, reform and implement their green economy frameworks and nationally determined contributions (NDCs).
- (v) Strengthen platforms or networks to increase peer learning and collaboration among the private sector and between the private sector and governments.

The study will build on the work of partners and other organisation in the related fields. It will build on and complement ECA's work particularly on greening industrialisation, greening value chains and private sector development. The study will generate, and package action-oriented knowledge products

⁴ In this study, green business refers to a profitable business activity that is low carbon, climate resilient, and contributes to efficient use of natural resources, reduces or eliminates waste and pollution or contributes increased availability, quality, or productivity of water, forests, land and other natural assets. As such, green business could also reap benefits including supply chain, input or market stability, climate resilience or tapping into green market opportunities.

thus contributing to ECA’s strategic direction of fostering local responses and adapting global solutions to the continent’s problems. Moreover, the study is premised on the importance of and need for innovative solutions and approaches to increasing growth and job creation thus aligning with the ECA’s strategic focus on articulating policy options to accelerate economic diversification and job creation in the region.

The study will make substantial contributions to the achievement of many continental and global development goals and targets including those set out in Africa’s Agenda 2063, the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. The study will contribute particularly to the achievement of SDGs 2, 7, 8, 9, 12, 13, 14 and 15 and the corresponding goals of Agenda 2063 and nationally determined contributions under the Paris Agreement.

2. Scope of the study

The present study will focus on the potential to upscale green business investment in up to 4 selected sectors including energy, agriculture, manufacturing and waste management. Most of these sectors underpin growth in many countries in the region. They also offer huge opportunities for private sector investment. Yet investments in these sectors has always come with a high environment foot print. Therefore, steering investments to green business will have substantial green growth and employment outcomes.

3. Objective and duties of the consultancy

Objective

The objective of this consultancy is to undertake a study and produce a robust, analytical, and well-informed report on Unleashing the potential of the private sector to drive green growth and job creation in Kenya.”

Duties and responsibilities of the consultant

With the above in mind and to accomplish the objective of the study and consultancy, the consultant will carry out the following tasks under the guidance and supervision of the staff of the Green Economy, Innovation and Technology Section (GEITS), in the Technology, Climate Change and Natural Resources Management Division of the United Nations Economic Commission for Africa (ECA):

- (a) Produce an inception report for the study. The inception report will contain the conceptualization of the assignment that strongly demonstrates a clear understanding and interpretation of the tasks and as such provides a conceptual framework, the methodology, including for data and information collection and analysis, and a work plan. The inception report will also include an annotated outline of the report; a well-designed questionnaire for collecting primary data for the study in the country.
- (b) Undertake a detailed research on Unleashing the potential of the private sector to drive green growth and job creation in Kenya. As part of the research the consultant will:
 - (i) Identify, analyse and showcase examples of existing and potential green business along the value chains of selected economic sectors [see (2) above] and present a solid case including costs, returns or benefits⁵, rationale and other stimuli for private sector investment in green business. As part of this, feasible green business models will be highlighted.
 - (ii) Examine the green business environment, identify and analyse opportunities, enabling factors or challenges that foster or hinder the flourishing of green business/investment. Such opportunities and factors may include market, financing, innovation, technological, knowledge and capacity development opportunities and gaps; and polices and government incentives existing and needed to maximize green business investments.

⁵ Examples of benefits include increased competitiveness, quality and productivity improvements, reduced costs and reduced exposure to risks including input security (water, raw materials) and meeting corporate social and environmental responsibility objectives.

- (iii) Based on the existing and potential green business, identify, quantify, analyse and demonstrate the scope and level of actual jobs created or could be created in the case of potential green businesses.
 - (iv) Identify and where possible quantify and demonstrate the level of actual and potential environmental benefits including resources efficiency, climate resilience and reduction in resources degradation and waste generation resulting or could arise in selected private green business investments.
 - (v) Identify, describe, analyse the different types and sizes of private green business (small, medium large, local and foreign) and assess their scalability and outline the required conditions for scaling up.
 - (vi) Investigate how green businesses could learn from and support each other, and in that regard, explore and identify platforms, forums or alliances at various level, that can be capitalized on or established to strengthen learning, exchange, advocacy and collaboration between private-private and private and public sector to spur green business. In this regard, it is important to highlight lessons that can be learned from outside the African region to help strengthen the case for private green business, green growth and job creation.
 - (vii) Identify, assess and present in a succinct format good practices in private green investments, green growth and job creation.
 - (viii) Identify and provide key elements of a national strategy and practical action-oriented recommendations that the country and enterprises could pursue to strengthen measures and conditions and expand private sector investment for increased green growth that creates jobs.
- (c) Draft a well-informed and robust report based on the above research. The report will be prepared using both quantitative data (charts, tables and graphs) and qualitative information. The report will contain an executive summary; a section outlining key messages; an introduction including the analytical framework for the report; and cover, but not be limited to, the issues identified in the tasks(i) to (viii)above.
 - (d) The report will provide key elements of a national strategy and practical action-oriented recommendations that the country and enterprises could pursue to strengthen measures and conditions and expand private sector investment for increased green growth that creates jobs.
 - (e) Submit the draft report for review by ECA and partners and revise it on the basis of comments and inputs provided.
 - (f) Provide necessary support to the organization and servicing of the meeting of experts to review the draft report.
 - (g) Prepare and make a presentation of the report at the experts review meeting.
 - (h) Produce a final draft report taking into account comments and inputs received from the experts meeting as guided by ECA.
 - (i) Review and provide substantive inputs to the regional synthesis report on Unleashing the potential of the private sector to drive green growth and job creation in selected countries in Africa.

The study will be informed by both primary and secondary data. The primary data will be generated through a questionnaire survey that the consultant will conduct in the country. Secondary data and information will be obtained mainly from desk reviews of documents relevant to the assignment. The consultant will thus among others review regional, subregional, and national/government strategies and frameworks, document and reports. Documents with international coverage will also be reviewed to among others explain concepts and provide global context.

4. Ultimate result of the Consultancy

The ultimate result of the consultancy will be a robust, analytical, and well-informed report on Unleashing the potential of the private sector to drive green growth and job creation in Kenya.”

5. Deliverables and outputs of the consultancy

The consultant will deliver the following:

- (i) *Inception report.* This report should contain:
 - Conceptualization of the assignment that strongly demonstrates a clear understanding and interpretation of the tasks and as such provides a conceptual framework, the methodology, including for data and information collection and analysis, and a work plan.
 - An annotated outline of the report.
 - A well-designed questionnaire for collecting primary data for the study in the country.
- (ii) *Datasets (preferably in Excel format) used to generate the figures (charts, graphs, etc.) presented in the study report;*
- (iii) *Substantive support the organization and execution of the experts meeting to review the draft report.* This will include contribution to the identification of experts to participate in the meeting, PowerPoint presentation at the meeting and servicing the meeting.
- (iv) *A robust analytical report on “Unleashing the potential of the private sector to drive green growth and job creation in Kenya.”*
- (v) *Substantive and review comments and inputs to the draft regional/synthesis report on Unleashing the potential of the private sector to drive green growth and job creation in selected countries in Africa*

All the written outputs shall be prepared in English. Except for the power point presentation, all outputs shall be prepared using single line spacing, times new roman 12 font size, contain page numbering, list of acronyms, a table of contents, foot notes, references, relevant annexes and appendices.

All work submitted must be the original work of the consultant and contain proper citation and recognition of reference documents and data sources.